

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:

CAESARS ENTERTAINMENT
OPERATING COMPANY, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 15-01145 (ABG)

(Jointly Administered)

**THIRD SUPPLEMENTAL DECLARATION OF WILLIAM H. HARDIE, III IN
SUPPORT OF THE APPLICATION OF THE OFFICIAL COMMITTEE OF SECOND
PRIORITY NOTEHOLDERS PURSUANT TO 11 U.S.C. §§ 327(a), 328(a) AND 1103,
AND FED. R. BANKR. P. 2014 AND 2016, FOR ENTRY OF AN ORDER
AUTHORIZING RETENTION AND EMPLOYMENT OF HOULIHAN LOKEY
CAPITAL, INC. AS FINANCIAL ADVISOR AND INVESTMENT BANKER, NUNC
PRO TUNC TO THE PETITION DATE**

I, William H. Hardie, III, declare as follows:

1. I am familiar with the matters set forth herein and, if called as a witness, I could and would testify thereto. Unless otherwise defined, all capitalized terms used herein have the meanings ascribed to them in the *Application Of The Official Committee Of Second Priority Noteholders To Employ And Retain Houlihan Lokey Capital, Inc. As Financial Advisor And Investment Banker Nunc Pro Tunc To February 5, 2015* [Docket No. 656] (the “Application”).
2. I am a Managing Director at Houlihan Lokey Capital, Inc. (“Houlihan Lokey”), and am duly authorized to execute this third supplemental declaration (the “Third Supplemental Declaration”) on behalf of Houlihan Lokey to supplement the *Declaration Of William H. Hardie*,

¹ Due to the large number of Debtors in these jointly-administered cases, a complete list of the Debtors is not provided herein, but is available at <https://cases.primeclerk.com/CEOC>, the website of the Debtors’ claims and noticing agent.

III In Support Of The Application Of The Official Committee Of Second Priority Noteholders to Employ and Retain Houlihan Lokey Capital, Inc. As Financial Advisor And Investment Banker Nunc Pro Tunc To February 5, 2015 [Docket No. 656, Exhibit A] (the “Original Declaration”) and previously filed supplemental declarations in support of Houlihan Lokey’s Application.

3. Houlihan Lokey is an internationally recognized investment banking and financial advisory firm, with eighteen offices worldwide and more than 1000 professionals. Houlihan Lokey’s Financial Restructuring Group, which has more than 165 professionals, is one of the leading advisors and investment bankers to unsecured and secured creditors, debtors, acquirers, and other parties-in-interest involved with financially troubled companies both in and outside of bankruptcy. Houlihan has been, and is, involved in some of the largest restructuring cases in the United States, including representing official committees in *Lehman Brothers Holdings Inc.*, *Arcapita Bank B.S.C(c).*, *Enron Corp.*, *WorldCom, Inc.*, *Delta Air Lines, Inc.*, *General Growth Properties*, *Capmark*, and representing debtors in *Mark IV Industries*, *Buffets Holdings, Inc.*, *Bally Total Fitness Holding Corp.*, *XO Communications, Inc.*, *Six Flags, Inc.*, *Granite Broadcasting Corp.*, and *MS Resorts*.

4. On March 11, 2015 the Official Committee of Second Priority Noteholders (the “Noteholder Committee”) of Caesars Entertainment Operating Company, Inc., *et al.* (collectively, the “Debtors”) filed the Application. On March 26, 2015, the Court entered an order granting the Application and authorizing the employment and retention of Houlihan Lokey as financial advisor and investment banker to the Noteholder Committee [Docket No. 1004].

5. I submit this Third Supplemental Declaration in further support of the Application and to provide additional disclosure required under Bankruptcy Rules 2014(a) and 2016(b).

Unless otherwise stated in this Third Supplemental Declaration, I have personal knowledge of the facts set forth herein.

Supplemental Disclosure

6. On March 11, 2015, I submitted the Original Declaration. As set forth therein, Houlihan Lokey researched its client databases maintained with respect to Houlihan Lokey and the other subsidiaries of its direct parent company, Houlihan Lokey, Inc., that are engaged in providing investment banking and financial advisory services globally (collectively, the “Houlihan Lokey Group”) to determine whether it has any relationships with the entities previously identified as the Interested Parties as listed on Exhibit 3 to the Original Declaration (the “Original Interested Parties List”). The Original Declaration disclosed Houlihan Lokey’s relationship with those parties.

7. After submitting the Original Declaration, Houlihan Lokey continued to review its client database from time to time for new relationships that arose since the submission of the Original Declaration. On August 21, 2015, I submitted the First Supplemental Declaration to disclose the additional relationships with parties potentially related to these cases that had been identified by Houlihan Lokey since the submission of the Original Declaration.

8. Since the submission of the First Supplemental Declaration, Houlihan Lokey has continued to review its client database from time to time for new relationships that have arisen since the submission of the First Supplemental Declaration.

9. Houlihan Lokey, with the assistance of counsel to the Noteholder Committee, has identified additional interested parties that have appeared in these cases after the submission of the Original Declaration (the “Supplemental Interested Parties List” and together with the

Original Interested Parties List, the “Interested Parties Lists”). Set forth in Exhibit A are all parties included in the Interested Parties Lists.

10. Houlihan Lokey has searched the client databases maintained by the Houlihan Lokey Group with respect to its relationships with the parties identified on the Supplemental Interested Parties List. Attached hereto as Exhibit B is a list of new relationships between Houlihan Lokey and the parties on the Interested Parties Lists.

11. Houlihan Lokey and its legal department have undertaken a review of the Interested Parties Lists to determine possible conflicts and, subject to the foregoing limitations and the following disclosures, no material conflicts have been found.

12. Subsequent to the date of the First Supplemental Declaration, Houlihan Lokey was engaged by Aliante Gaming in order to assist in the sale of Aliante. Apollo and TPG are both minority holders of the equity of Aliante.

13. Subsequent to the date of the First Supplemental Declaration, Houlihan Lokey was engaged to serve as financial advisor to the special committee of the board of directors of Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI) in connection with ARI’s acquisition of Apollo Residential Mortgage, Inc., as announced on February 26, 2016.

14. As disclosed in the Second Supplemental Hardie Declaration filed on June 21, 2016, Houlihan Lokey was retained by Jones Day as counsel for Wilmington Savings Fund Society, FSB (“WSFS”) to provide expert testimony in connection with the adversary proceeding commenced by the Debtors on March 11, 2015 seeking, among others, declaratory and injunctive relief against WSFS.

15. To the best of my knowledge, information and belief after reasonable inquiry, other than as disclosed in this Third Supplemental Declaration, neither I, the Houlihan Lokey

Group, nor any of our professionals or employees participating in or connected with Houlihan Lokey's engagement with the Noteholder Committee: (i) is related to the Debtors or any other party in interest herein, the United States Trustee for this District, or anyone employed in the United States Trustee's Office for this District; (ii) has any connection with or holds or represents any interest adverse to the Debtors, its estate, its creditors or any other Interested Party or their respective attorneys in the matters on which Houlihan Lokey is or is proposed to be retained; or (iii) has advised any Interested Party, except for the Noteholder Committee, in connection with this Chapter 11 case. In addition, Houlihan Lokey does not believe that any relationship that the Houlihan Lokey Group, or any of our professionals or employees participating in or connected with Houlihan Lokey's engagement with the Noteholder Committee may have with any Interested Party in connection with any unrelated matter will interfere with or impair Houlihan Lokey's representation of the Noteholder Committee in this Chapter 11 case.

16. To the extent Houlihan Lokey discovers any facts bearing on the matters described herein during the period of Houlihan Lokey's retention, Houlihan Lokey undertakes to amend and supplement the information contained in this Third Supplemental Declaration to disclose such facts.

17. Based on all of the foregoing, Houlihan Lokey is a "disinterested person" as that term is defined in Section 101(14) of the Bankruptcy Code.


18. No agreement presently exists to share with any other person or firm any compensation received by Houlihan Lokey for its services in this case. If any such agreement is entered into, Houlihan Lokey undertakes to amend and supplement this Third Supplemental Declaration to disclose the terms of any such agreement.

19. No promises have been received by Houlihan Lokey, or by any employee thereof, as to compensation in connection with this case other than in accordance with the provisions of the Bankruptcy Code.

20. I am generally familiar with the Bankruptcy Code and the Bankruptcy Rules, and Houlihan Lokey will comply with them, subject to the Orders of this Court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 7th day of July, 2016.



William H. Hardie, III